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LETTER DATED 2 MAY 1999 FROM THE PERMANENT REPRESENTATIVE OF IRAQ TO THE UNITED NATIONS ADDRESSED TO THE SECRETARY-GENERAL

On instructions from my Government, I have the honour to transmit to you herewith a letter dated 29 April 1999 from Mr. Mohammed Said Al-Sahaf, Minister for Foreign Affairs of the Republic of Iraq. In it, he states that it is unjust that 30 per cent of the proceeds of the oil sold under the oil-for-food programme should be deducted in order to provide compensation. The basic humanitarian needs of the Iraqi people are affected by this practice, which represents a violation of its rights, foremost among which is the right to life. He urges you to take action to halt these deductions and allocate the sums involved to the urgent humanitarian needs of the Iraqi people.

I should be grateful if you would have this letter and its annex circulated as a document of the Security Council.

(Signed) Saeed H. HASAN
Ambassador
Permanent Representative

Annex

Letter dated 29 April 1999 from the Minister for Foreign Affairs of Iraq addressed to the Secretary-General

Paragraph 2 of Security Council resolution 705 (1991) of 15 August 1991 provides that compensation to be paid by Iraq shall not exceed 30 per cent of the annual value of its exports of petroleum and petroleum products.

In setting this percentage, the Security Council was guided by the report of the Secretary-General (S/22559) of 2 May 1991, which stated that Iraq should pay an established percentage of revenues receivable upon the resumption of oil exports once sanctions were lifted. Annual revenue was estimated at US$ 21 billion.

In this regard, we should like to make the following remarks:

1. Security Council resolution 986 (1995), paragraph 8 (c), provided that the same percentage of the funds deposited in the escrow account as that decided by the Council in paragraph 2 of resolution 705 (1991) should be transferred to the Compensation Fund, namely, not more than 30 per cent of the annual value of Iraq's exports of petroleum and petroleum products. Resolution 986 (1995) recognized the need to provide, as a temporary measure, for the humanitarian needs of the Iraqi people under the sanctions regime. Since the level of deductions should have been set lower than the maximum ceiling, the percentage being taken is unfair to Iraq both in law and in fact.

2. The percentage to be paid to the Fund must be reconsidered, in view of the fact that this percentage was calculated on the basis of revenues that could not be realized because of the continued imposition on Iraq of the tyrannical sanctions and the reduction in the level of oil exports. Furthermore, revenue has been reduced as oil prices have fallen.

3. The oil-for-food programme is intended to provide food and medicine; it is not an oil-for-compensation programme. The oil-for-food programme may in no way be considered as a lifting of the sanctions. Therefore, the allocation to the Compensation Fund of any sums raised through this programme must be considered as an abusive practice that should be halted forthwith, since Iraq is suffering from the sanctions that have still not been lifted after nearly nine years.

4. This procedure, if continued, will impoverish the Iraqi people for decades and penalize future generations just as much as existing generations, which have suffered severely from the prolonged sanctions and the foreign military aggression.

5. The majority of reports issued by United Nations agencies have affirmed that the oil-for-food programme has humanitarian purposes, and that revenues from oil exports are insufficient to meet the humanitarian needs of the Iraqi people. Consequently, the programme has not been successful in its aim of materially reducing the difficulties faced by Iraq as a result of the tyrannical sanctions that have been imposed on the country for nearly nine years.

The 30 per cent currently paid to the Compensation Fund represents a serious and unjust obstacle to the implementation of the purposes of the purchase and distribution plan agreed under the Memorandum of Understanding. Furthermore, fluctuations in revenue during phase IV and the first half of phase V have meant that a large number of contracts vital to the urgent humanitarian requirements of the Iraqi people have not been concluded.

The Government of Iraq affirms that the 30 per cent deduction paid to the Compensation Fund is unjust and prejudicial to the basic humanitarian needs of the Iraqi people. It amounts to a violation of that people's human rights, foremost among which is the right to life.

I therefore urge you to take action to halt deductions for the purpose of so-called compensation from Iraqi monies that have been allocated for the provision of just a few of the urgent humanitarian needs of the Iraqi people.

(Signed) Mohammed Said AL-SAHAF
Minister for Foreign Affairs
of the Republic of Iraq